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March 24, 2011

Honorable John D. Rainey
U.S. District Judge
U.S. District Court
Southern District of Texas
312 S. Main
Victoria, Texas 77902

Re: Civil Action No. 6:11-CV-00002; *Naftomar Shipping and Trading Co., Ltd., et al.*
vs. KMA International S.A., et al.; In the United States District Court for the
Southern District of Texas, Victoria Division

Dear Judge Rainey:

We are lead counsel for proposed intervening plaintiff, the Governor and Company of the Bank of Ireland ("the Bank") which has an unopposed motion to intervene to file a complaint against the M/V PRETTY LADY, *in rem*, ("Vessel") pending before the Court. We enclose a copy of the Bank's notice of default dated March 23, 2011.

We write to request the Court's permission to attend the telephonic hearing requested by plaintiff's counsel in his letter to the Court dated March 23, 2011, prior to the first intervention orders, *etc.* having been granted. In respect of the first item addressed in plaintiff's counsel's letter:

1. We confirm that the Bank has made arrangements with the Vessel's technical and crewing manager ("BSSM") for payment of the crew's wages to date, reserving all such rights to claim reimbursement/indemnity. Such wages are a first priority lien and of first concern to the Bank. In addition, the Bank is continuing to negotiate with BSSM in respect of the other items of its expenses that may or may not provide a lien on the Vessel.

In the event that the Bank is permitted to intervene and proceeds with the interlocutory sale of the Vessel to foreclose on the mortgage other issues before the Court may be moot. In any event, we consider that it would be of utmost benefit for the parties' counsel to attend a

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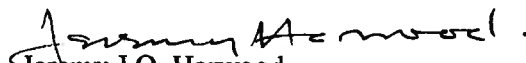


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mediation next week before a designated Magistrate Judge (with principals available by phone) to see if a settlement can be reached short of the requirement for the Bank to proceed with its rights as secured lender in respect of the *in rem* proceeding.

Respectfully submitted,


Jeremy J.O. Harwood

JOH/rk

cc: All Counsel of Record

Bank of Ireland



Corporate Banking

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BY FACSIMILE (+ 30 210 4294 020) AND REGISTERED MAIL

To : Mauvelous Shipping S.A.

c/o Piraeus Lawyers Partnership
Galaxias Building (3rd & 7th floors)
6, Skouze Street
Piraeus-185 36
Greece
Attention: Matthaios Afentoulidis
Telefax No: + 30 210 4294 020

Cc : Aerio Holdings Corp.
c/o Piraeus Lawyers Partnership
Galaxias Building (3rd & 7th floors)
6, Skouze Street
Piraeus-185 36
Greece
Attention: Matthaios Afentoulidis
Telefax No: + 30 210 4294 020

23 March 2011

Dear Sirs,

Loan of (originally) \$23,000,000 to Mauvelous Shipping S.A. to part finance the acquisition of m.v. "PRETTY LADY" (ex "HAPPY LADY")

We refer to the Loan Agreement dated 3 April 2008 made between (1) Mauvelous Shipping S.A. as Borrower, and ourselves as (2) Lender, (3) Swap Bank, (4) Agent and (5) Security Trustee providing for a loan of US\$23,000,000, as amended by a Supplemental Agreement dated 23 December 2010 made between (1) Mauvelous Shipping S.A., (2) Aerio Holdings Corp as Guarantor and (3) ourselves as Lender, Swap Bank, Agent and Security Trustee, and as may be further supplemented, amended and restated from time to time (together, the "Loan Agreement").

Expressions defined in the Loan Agreement shall have the same meanings when used in this letter.

Bank of Ireland - The Governor and Company of the Bank of Ireland, incorporated by charter in Ireland with limited liability. A tied agent of New Ireland Assurance Company plc. trading as Bank of Ireland Life. Bank of Ireland is regulated by the Central Bank of Ireland.

Registered No. C-1.
Registered Office and Head Office,
40 Mespil Road,
Dublin 4, Ireland.

Directors: Patrick J. Mollay (Governor) • Dennis Holt (UK) (Deputy Governor) • Richie Boucher (Group Chief Executive) • Tom Considine • Des Crowley • Denis Donovan • Paul Haran • Rose Hynes • Jerome Kennedy • Patrick Kennedy • Heather Ann McSharry • John O'Donovan • Patrick O'Sullivan • Joe Walsh • Helen Nolan (Group Secretary)

A member of

Bank of Ireland Group



10-8-4

We notified you on 7 March 2011 of Events of Default which have occurred and are continuing under clause 19.1(g)(iv) and clause 19.1(p) of the Loan Agreement. These defaults remain continuing and have not been remedied.

Furthermore, the following Events of Default have also occurred and are continuing:

1. clause 19.1(g)(i) - the Borrower is unable to pay debts as they fall due;
2. clause 19.1(k) - the Borrower has suspended carrying on its business;
3. clause 19.1(t) - the original Approved Charter has terminated;
4. clause 19.1(s) - the original Approved Charter has not been replaced by a replacement Approved Charter; and
5. clause 19.1(q) - an Event of Default (as defined in section 14 of the Master Agreement) has occurred under section 5(a)(vi) of the Master Agreement (in respect of which we reserve all our rights thereunder as Swap Bank to terminate all outstanding Transactions in accordance with section 6(a) thereof).

Accordingly, we hereby give you notice pursuant to clause 19.2 of the Loan Agreement that:

- (i) the Events of Default specified above have occurred and are continuing;
- (ii) our Commitment and all of our other obligations to the Borrower under the Loan Agreement are terminated;
- (iii) we hereby demand the immediate repayment of the Loan, all interest accrued thereon and all other amounts accrued or owing under the Loan Agreement; and
- (iv) we intend to take such other action which, as a result of the Events of Default specified above, we are entitled to take, including but not limited to exercising all of our rights and powers contained in clause 7 (Enforceability and Security Trustee's powers) of the Mortgage.

The outstanding principal balance of the Loan at the date of this letter is \$17,720,000 and the interest accrued on such balance as at today's date is \$248,496.14. Interest will continue to accrue on the outstanding amounts until the same have been paid in full. The amount currently accruing daily in respect of interest is \$3,182.25.

We require you to make immediate payment (and in any event before 10.00 a.m. (New York time) on 25 March 2011) of the outstanding amounts specified above together with accrued daily interest to our account as follows:

Bank: JP Morgan Chase Manhattan Bank, New York
ABA Code: 021000021
SWIFT Code: CHASUS33
Account Name: Bank of Ireland Global Markets

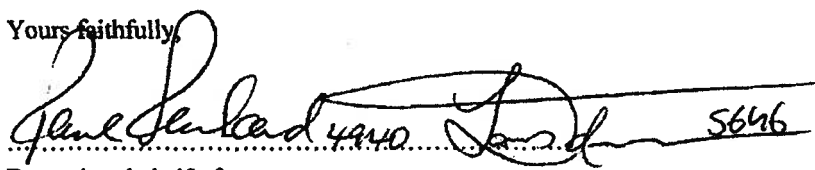
Account Number: 0011015815

Reference: Corp Loans Admin - Mauvelous

The foregoing is without prejudice to, and shall not be construed as a waiver of, our rights and remedies under the Loan Agreement and the other Security Documents or at law and we reserve the right to make further demands in respect of sums owing to us. You should note that all legal and other costs which we may incur in or about the protection or enforcement of our rights will be for your account and will be payable on demand.

This letter, and any non-contractual obligations arising out of or in connection with it, shall be governed by, and shall be construed in accordance with, English law.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Paul J. Keenan", is written over a horizontal dotted line. To the right of the signature, the number "5646" is handwritten.

For and on behalf of

The Governor and Company of the Bank of Ireland